



Frankfort Plant Board

Water
Cable
Electric
Security
Local Phone
Digital Cable
Long Distance
Community TV
Ethernet/Internet
Cable Modem/ISP
Cable Advertising

April 18, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of the Electric and Water Plant Board of the City of Frankfort Kentucky (FPB), I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. I manage a municipally owned cable company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they may force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Our company is the one of the oldest municipally owned cable companies in America, serving the state capital of Kentucky since 1952. We operate one headend serving a total of 17,600 customers in Franklin, Woodford and Shelby counties in rural central Kentucky. Our mission is simple – to seek superiority in providing our customer with high quality, reliable and economical services.

We have invested 29 million dollars in upgrading our system since 1999. FPB launched digital cable in late 2000, began offering broadband in February 2001, launched home security in 2001, launched and began offering long distance telephone service in September 2002 and in September 2003, launched local telephone service to business and residential customers via voice over Internet Protocol (VoIP). DBS competition has been a strong competitor in our markets, taking subscribers and making it difficult to increase rates. At the same time, programming costs have increased far ahead of inflation. I estimate that programming costs have increased by more than 10% per year for the last five years.

The broadcasters' demands for several more dollars per month presents a major problem. For example, broadcasters have already approached me with demands of payment for analog retransmission consent. WHAS (ABC Louisville) and WDRB (FOX Louisville) have each told me personally that FPB should expect requests for cash payment in the upcoming round of negotiations.

FPB is in a unique area in that it sits in the Lexington DMA but is close enough to Louisville that allows for good reception of the Louisville stations. In fact, since the inception of the cable company in 1952, Louisville stations have always been carried on the line up in Frankfort. Prior to the 1990's, Frankfort also carried Cincinnati stations but had to drop them with rule changes in the early 1990's.

Because we are a non-profit organization that exists only to provide service as economically as is possible, we have no choice but to pass this anticipated cost onto our customers. They will be angry. Some will drop our service. Those that do not will have to pay up to several dollars more for basic cable for something they've received, in some cases, for over 50 years.

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets, something we've always done.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my market, broadcasters' demands could cost my company and our subscribers in excess of \$1,000,000 per year.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide 70 hours of local programming on our cable system each week. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

_____/s/_____

John Higginbotham
Superintendent, Frankfort Plant Board
Cable/Telecommunications

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